

Business Development Loan Program

The Business Development Loan Program assists new and existing businesses to obtain loans that have a higher degree of risk than would normally be acceptable to a lending institution. It may be used to start or expand a new business or for refinancing.

Eligibility

The business must be located in North Dakota. The financial condition or the nature of the industry must lead to a higher credit risk than would normally be acceptable to a lending institution.

Use of proceeds

Proceeds shall be used to:

- Establish or purchase a new or existing business
- Finance the acquisition of real property
- Remodel or expand an existing business
- Purchase or lease equipment
- Provide working capital
- Refinance an existing loan

Loan amount/limit

BND's maximum loan participation is \$1,000,000.

Interest rate and fees

Lead lender: Interest rate must be acceptable to BND.

BND: Variable rate is 0.50% below Prime, adjusted monthly or quarterly. Fixed rate is 2.25% above the Federal Home Loan Bank of Des Moines Advance Rate with a rate lock not to exceed five years.

Fees: An origination fee of up to 1 percent of the total loan may be charged and is shared with BND.

Lending criteria

Equity requirements are evaluated on a case by case basis. A personal guarantee is required.

Collateral

Adequate collateral is required and must be of such a nature that repayment of the loan can be reasonably expected. Security for the loan is evaluated on a loan-by-loan basis. Examples of acceptable security are:

- Accounts receivable
- Assignment of leases
- Assignment of life insurance
- Equipment
- Fixtures
- Furniture
- Inventory
- Leasehold improvements
- Letters of credit, a guarantee from SBA, USDA Rural Development or other government source real estate

Participation requirements

A lead lender is required. BND's participation percentage is negotiated on a loan-by-loan basis. In most cases, BND will consider a participation of up to 90 percent of the loan.

Loan terms

Repayment terms vary depending upon the use of proceeds.

- Real estate: 12-20 years
- Equipment: 5-7 years
- Working capital: 1-5 years

Forms

Bank Participation Loan Application (PDF)

It is recommended you use Internet Explorer 11 or above to download these forms. If you are not able to access a PDF, please contact us for assistance.

How to apply

BND offers this loan by partnering with local lenders. To apply, contact your lender.

If you have any questions, contact us or call 701.328.5795.